

LEASING RESERVED MINERAL INTERESTS

OCTOBER 5, 1998.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Resources,
submitted the following

REPORT

[To accompany H.R. 3878]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 3878) to subject certain reserved mineral interests of the operation of the Mineral Leasing Act, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 3878 is to subject certain reserved mineral interests to the operation of the Mineral Leasing Act.

BACKGROUND AND NEED FOR LEGISLATION

Public land near Big Piney, Wyoming, was sold at auction several decades ago under the 1964 Public Land Sale Act [Public Law 88-608; 78 Stat. 988]. This Act required the mineral estate to be reserved to the United States in the patents because the Bureau of Land Management recognized that the lands were valuable for oil, gas, and coal. The 1964 Sale Act provided that the reserved federal minerals would be closed to mineral leasing because the lands were expected to be improved as part of expected local community growth after the sale and patenting of the surface.

However, the subject lands remain grazing lands of the same type that are under multiple use for grazing and oil and gas exploration and development throughout southwestern Wyoming. Sublette County, Wyoming, where the affected parcels are located, hosts the Jonah gas fields, described as the largest recent onshore discovery of natural gas on public lands. Legislation is required to

allow development of the reserved federal oil and gas estate. Air quality, wildlife and other public resource concerns can and will be addressed and protected through federal lease stipulations, just as was and is done for all the federal acreage currently under lease throughout the Big Piney-Labarge area.

COMMITTEE ACTION

H.R. 3878 was introduced on May 14, 1998, by Congresswoman Barbara Cubin (R-WY). The bill was referred to the Committee on Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On July 21, 1998, the Subcommittee held a hearing on H.R. 3878, at which Mr. Carson "Pete" Culp, Assistant Director for Minerals, Realty and Resource Protection, Bureau of Land Management, testified the Administration had no objection to H.R. 3878. On August 5, 1998, the Committee on Resources met to consider H.R. 3878. The Subcommittee on Energy and Mineral Resources was discharged from further consideration of H.R. 3878. No amendments were offered and the bill was ordered favorably reported to the House of Representatives by voice vote.

SECTION-BY-SECTION ANALYSIS

Section 1. Leasing of certain reserved mineral interests

Section 1(a) of H.R. 3878 opens to federal oil and gas leasing the reserved federal mineral interests with patents No. 49-71-0059 and No. 49-71-0065.

Section 1(b) protects the rights of the surface owner by requiring consent by that owner, or failing that by the successful lessee posting a reclamation bond deemed sufficient by the Secretary of the Interior. Furthermore, the lessee of the United States interests must recompense any damage to crops and tangible improvements (if any) of the surface owner in the conduct of the oil and gas operation.

Section 1(c) validates the oil and gas lease improvidently issued by the Bureau of Land Management in 1997 for the reserved mineral within patent No. 49-71-0065.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to the requirements of clause 2(1)(3) of rule XI of the Rules of the House of Representatives, and clause 2(b)(1) of rule X of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8, and Article IV, section 3 of the Constitution of the United States grant Congress the authority to enact H.R. 3878.

COST OF THE LEGISLATION

Clause 7(a) of rule XIII of the rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out H.R. 3878. How-

ever, clause 7(d) of that rule provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974.

COMPLIANCE WITH HOUSE RULE XI

1. With respect to the requirement of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, H.R. 3878 does not contain any new budget authority, credit authority, or an increase or decrease in expenditures. According to the Congressional Budget Office, enactment of H.R. 3878 could affect offsetting receipts (which is classified as direct spending), but any effect on direct spending would be less than \$500,000 per year over the 1999–2003 time period.

2. With respect to the requirement of clause 2(l)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 3878.

3. With respect to the requirement of clause 2(l)(3)(C) of rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 3878 from the Director of the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 27, 1998.

Hon. DON YOUNG,
*Chairman, Committee on Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3878, a bill to subject certain reserved mineral interests to the operation of the Mineral Leasing Act, and for other purposes.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contacts are Victoria V. Heid (for federal costs), and Marjorie Miller (for the state and local impact).

Sincerely,

PAUL VAN DE WATER
(For June E. O'Neill, Director).

Enclosure.

H.R. 3878—A bill to subject certain reserved mineral interests of the operation of the Mineral Leasing Act, and for other purposes

Summary: H.R. 3878 would allow two parcels of federal subsurface estate in the state of Wyoming to be leased for oil and gas development. CBO estimates that enacting H.R. 3878 would have no significant impact on the federal budget. Because enacting the bill could affect offsetting receipts (which are classified as direct

spending), pay-as-you-go procedures would apply; however, we estimate that any effect on direct spending would total less than \$500,000 each year over the 1999–2003 period.

H.R. 3878 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: H.R. 3878 would allow the Secretary of the Interior to lease two parcels of federal subsurface estate consisting of about 400 acres in the state of Wyoming for oil and gas development. The lease authority would apply retroactively to one parcel, which was leased erroneously in 1997.

The surface land above the mineral estate is privately owned. The bill provides that lessees to the federal mineral estate could occupy as much of the surface land as necessary to develop the leases. As a condition of that occupancy, lessees would be required to either secure consent from the owner of the surface land, or, in the absence of such consent, provide a financial guarantee to assure reclamation and to pay the surface owner for damages and any loss of income.

The subsurface estate addressed by the bill is currently closed to oil and gas development but in 1997 the Bureau of Land Management (BLM) erroneously leased one of the parcels. The federal government received a bonus bid for that lease of about \$20,000, which was shared with the state of Wyoming. Under current law, the federal government must cancel that lease and return the bonus bid and subsequent rental payments to the lessee. H.R. 3878 would allow the lease to continue, thereby avoiding a reimbursement to the lessee that would otherwise be required under a cancellation. Furthermore, enacting H.R. 3878 would allow the second parcel to be leased and allow oil and gas development to proceed on both parcels. Based on information from BLM, CBO estimates that the bill would reduce direct spending by increasing offsetting receipts from the two parcels, but we estimate that the net change would total less than \$500,000 each year over the 1999–2003 period.

Pay-as-you-go considerations: The Balanced Budget and Emergency Deficit Control Act sets up pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that enacting H.R. 3878 would reduce direct spending by increasing offsetting receipts from oil and gas development, but we estimate that the net effect would total less than \$500,000 each year over the 1999–2003 period.

Estimated impact of State, local, and tribal governments: H.R. 3878 contains no intergovernmental mandates as defined in UMRA and would impose no costs on State, local, or tribal governments. States receive a portion of receipts from oil and gas development on federal lands within their borders. Enactment of this bill would lead to a small increase in such receipts in the State of Wyoming, so payments to that State would increase.

Estimated impact on the private sector: This bill would impose no new private-sector mandates as defined in UMRA.

Estimate prepared by: Federal costs: Victoria V. Heid. Impact on State, local, and tribal governments: Marjorie Miller.

Estimate approved by: Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.

COMPLIANCE WITH PUBLIC LAW 104-4

H.R. 3878 contains no unfunded mandates.

CHANGES IN EXISTING LAW

If enacted, H.R. 3878 would make no changes in existing law.

